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C O N F I D E N T I A L SECTION 01 OF 04 TAIPEI 002933

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TAGS: [PREL](#) [PM](#) [CS](#) [HQ](#) [BH](#) [NU](#) [TP](#) [CH](#) [TW](#)

SUBJECT: FOREIGN MINISTER HUANG ON HIS CENTRAL AMERICA
TRIP, FUTURE TAIWAN FOREIGN POLICY

REF: A. TAIPEI 02800

[1](#)B. TAIPEI 133192

Classified By: AIT Director Stephen M. Young. Reason(s):
1.4 (B/D)

[1](#)1. (C) Summary. Taiwan Foreign Minister James Huang believes his visit to Central America last week shored up Taiwan's fragile relations with Panama, Costa Rica and Honduras. He remains deeply concerned, however, that Daniel Ortega might win the November presidential election in Nicaragua and shift relations from Taipei to Beijing, and that Sao Tome and Principe is Beijing's next diplomatic target after facilitating the break in relations between Taiwan and Chad earlier this month. Huang explained that economic development and humanitarian assistance programs, the bulwark of Taiwan's relations with Panama, Costa Rica and Honduras, will become the basis of Taiwan's efforts to create a new, more substantive foreign policy, one less focused on world-wide jousting with Beijing for diplomatic partners. Other officials, however, are less optimistic that Huang can transform Taiwan's "dollar diplomacy" in the face of the Chad setback and Chen Shui-bian's embattled presidency. End Summary.

Stabilizing Relations with Panama, Costa Rica and Honduras

[1](#)2. (C) In the Director's courtesy call on Foreign Minister James Huang (Chih-fang) to introduce new Deputy Director Bob Wang, Huang expressed appreciation for U.S. transit assistance on his visit last week to Central America. The visit, he said, had helped stabilize Taiwan relations with Panama, Costa Rica, and Honduras. Huang detailed his visits to those three countries:

-- Panama: Huang told the Director that his visit received excellent press coverage in Panama and that his meetings with

President Torrijos and Vice President Lewis Navarro had gone very well and functioned to reinvigorate the relationship. The three men discussed a number of cooperative projects over the next three years, including Taiwan participation in construction to expand the Canal, set to begin after an October 22 referendum. Acknowledging that China was "as always" continuing to press Panama to break relations with Taiwan, Huang insisted that in his meeting President Torrijos did not seem concerned by this pressure.

-- Costa Rica: Huang felt his visit to Costa Rica and meeting with President Arias reinforced bilateral relations. In San Jose, he signed a bilateral MOU for a series of projects: (1) USD 50 million for the reconstruction of a hospital destroyed by fire (which "will benefit millions," he said), (2) USD 2 million for a housing project for poor people in the northern part of the country, and (3) assistance on police training (particularly important, he noted, in a country which has no armed forces and a spiraling crime rate).

-- Honduras: Since President Zelaya was relatively new in office, Huang told the Director, Taiwan's major need there is to consolidate relations, which he believed his visit had helped accomplish.

13. (3) In response to the Director's inquiry on Huang's further travel plans in Latin America this year, Huang replied that he might visit Belize for the 25th anniversary of independence on September 21. Prime Minister Musa had invited President Chen Shui-bian to attend the celebration, and Huang might go in Chen's stead. Noting that he had told the press that politics should not affect foreign affairs, Huang insisted Taiwan would not cease its senior level trips abroad, including that of President Chen to Palau in September. (Note: Huang did acknowledge that the impending "Depose Chen" street demonstrations might inhibit access to MOFA and suggested the Director might have to enter through the rear entrance of the building. The media, Huang lamented in a nonsequitur, is now "ruling the country." End Note.)

Nicaragua Relations Hanging in the Balance

14. (C) Noting that Nicaraguan Ambassador Marcos Garcia had expressed concern to him earlier that day about the upcoming November 5 presidential election and the possibility of an Ortega victory, the Director asked for FM Huang's assessment of the political situation in Nicaragua and the prospects for Taiwan relations with Nicaragua. Huang responded that Nicaragua remains especially worrisome in the run up to the election, with the most recent polls giving Ortega a slight lead over Montealegre, 31 to 29 percent, and the other two candidates trailing at 15 and 12 percent. This could put Ortega within striking distance of a first-ballot victory. If he received at least 35 percent of the vote with a 5 percent margin over his closest rival, Huang said, Ortega could win the presidency outright and avoid a run-off. While he was quite worried about the possibility of an Ortega victory, Huang told the Director, Taiwan was working to maintain ties to all political parties in Nicaragua to give Taiwan options no matter who wins. If Ortega wins, Huang noted resignedly, Taiwan would just "go from there."

15. (C) The Director encouraged FM Huang to keep Taiwan low-key toward the Nicaraguan elections, noting that while the U.S. privately has its views on the candidates, our official position is to affirm publicly our support for Nicaragua's democratic process. The Director passed on Ambassador Garcia's report that Ortega himself had waited for several years after assuming the presidency in the 1970s before he broke ties with Taiwan, to which Huang added that when Taiwan resumed relations with Nicaragua in 1989 after it had negotiated with Ortega's brother.

16. (C) (Comment: Ambassador Garcia told the Director earlier on August 22 that he anticipated there would be a run-off between Ortega and Montealegre, since neither would

likely gain either the 40 percent plurality or a five percent lead if their total vote was between 35-40 percent required by Nicaraguan election law to win outright in the first round. Garcia admitted that contributions from foreign businessmen were legal under Nicaraguan law, but cautioned that any sign the Taiwan government was trying to influence the contest would be received very badly within his country. That is why, he said, Nicaragua has discouraged visits by FM Huang and other high level Taiwan officials in recent months. End Comment)

Sao Tome and Principe: PRC's Next Target?

¶7. (C) FM Huang raised Taiwan concerns about its relations with Sao Tome and Principe, stating that it appeared Beijing was targeting Sao Tome next after Chad in its drive to isolate Taiwan internationally at the same time it sought to gain access to more oil resources. Sao Tome's offshore oil fields, Huang explained, are tied into Nigeria's offshore fields, and Beijing is seeking to exert diplomatic pressure on Sao Tome via its relations with Nigeria. (Comment: The implication seemed to be that if Sao Tome balked, it might find its oil fields being tapped by Nigeria. End Comment.)

Future Directions in Taiwan Foreign Policy

¶8. (C) Noting FM Huang's late July comments to the press about a "new diplomacy" for Taiwan and Premier Su Tseng-chang's proposal last week for a more "substantive

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diplomacy" rather than an exclusive focus on the number of diplomatic allies, the Director inquired about future directions in Taiwan foreign policy. Had the shock of the recent break in relations with Chad, he asked, affected this search for a new Taiwan foreign policy?

¶9. (C) FM Huang responded that Taiwan needed a new foreign policy strategy, one that reflected what Taiwan could offer the world. While Taiwan must continue doing all that it could to maintain its diplomatic relations, he said, it also must work to expand its informal relations with other countries. Pointing out that this would require a lot of creativity and ingenuity by Taiwan, the Director stressed the importance of Taiwan not doing anything to undermine democratic regimes. Huang responded that his ideas for a new foreign policy and his public announcement in July were intended to distinguish Taiwan from China and to put democratic and human rights values at the forefront of Taiwan's foreign policy.

¶10. (C) At the same time, Huang told the Director, Taiwan would continue focusing on its relations with the U.S., "the most important of Taiwan's important relations." Following the DPRK missile launches in early July, he explained, he had convened an interagency meeting to discuss Taiwan's response. The resulting decision to tighten up Taiwan's report control regime vis-a-vis the DPRK, he pointed out, had been conveyed to AIT last week (see Ref A). After the interdicted airline bombings in London last week, Huang continued, he had directed all Taiwan missions in Europe and South and Southeast Asia to "take special consideration" in issuing visas to Pakistani nationals, since 24 of the plotters arrested were Pakistani nationals.

¶11. (C) The Director expressed appreciation for Taiwan assistance on proliferation and terrorism issues, stressing that it was important for the U.S. and Taiwan to continue working closely together. The Director then gave FM Huang a copy of the talking points on U.S. concern over the Swedish exclusion of Taiwan from AMRAAM International Working Group meetings in Sweden (Ref B), stressing the U.S. would not sit idly by if this was repeated in the future. Huang expressed appreciation for the strong U.S. position in support of Taiwan participation in AMRAAM IWG activities.

¶12. (C) FM Huang's and Premier Su's efforts to develop a new, more "substantive" diplomacy for Taiwan is something AIT has long been urging on Taiwan authorities. The Director has repeatedly urged senior Taiwan leaders to reach out to the world on the basis of Taiwan's "comparative advantages" -- its experience with hugely successful economic development and political democratization -- rather than focusing solely on the diplomatic numbers game, which it can never win against a rising China. Criticism by New Zealand last week of Taiwan's destabilizing influence in the Solomon Islands highlights the negative impact of Taiwan's traditional "recognition diplomacy," often labeled "dollar diplomacy." (FM Huang, however, bitterly complained to the Director that the New Zealand criticism was unfair because, he pointed out, PRC diplomacy was really "much worse.")

¶13. (C) The new diplomacy of which FM Huang and Premier Su speak will not be an easy task, and it is one that has been rendered more difficult by the shock to Taiwan of its break in relations with Chad earlier this month. On the other hand, this shock may also spur consideration of new approaches. NSC Senior Counsellor Lin Cheng-wei told AIT this week that FM Huang and President Chen are under heavy pressure over the Chad "loss." Because PM Su is buffered on this particular issue, he may have a bit more political space to prognosticate foreign policy changes, as he did last week both in his weekly cabinet meeting and when he met with the Director. Since FM Huang, along with the President himself, will be held publicly and politically accountable for further diplomatic losses, however, Huang may have been forced back into the bottom-line diplomatic numbers scramble before he can safely proceed with his touted new, or Su's more pragmatic diplomacy.

YOUNG